

COLORADO COMMUNITY COLLEGE SYSTEM
SYSTEM PRESIDENT'S PROCEDURE
FISCAL MANAGEMENT ROLES AND RESPONSIBILITIES

SP 8-61

Effective: November 1, 2005

Reference:

State Controller's Office Fiscal Rule 1-8
Board Policy on Delegation of Signature Authority, BP 8-60
System President's Procedure on Delegation of Signature Authority, SP 8-60b

Approved:

Dr. Nancy McCallin, System President

Application:

This policy applies to the System Office.

Basis:

Rule 1-8 of the State Controller's Fiscal Rules requires the State Board for Community Colleges and Occupational Education (the "Board") to implement internal accounting and administrative controls which reasonably assure financial transactions are accurate, reliable, and conform to State Fiscal Rules. The Board has charged the Colorado Community College System (the "System") President with this responsibility.

System operations are organized into cost centers that develop and execute strategic and tactical plans to carry out the System's mission and achieve its objectives. These units obtain and utilize resources, the financial impact of which is accumulated and summarized in the System's financial records. Financial records are an important management tool, used to both measure and monitor the acquisition and use of resources for operations.

Procedure:

The following establishes the roles and responsibilities of management involved in System operations, from a fiscal perspective. Successful execution of these roles and responsibilities will ensure the monetary impact of System operations is planned, controlled, and accurately accounted for in the System's financial records. Accordingly, this policy applies to all funds, including appropriated, generated, awarded, donated, or otherwise received or spent by the System from any source or for any purpose.

Definitions:

The following definitions have been developed to aid in understanding and implementing this policy.

Budget - a set of financial expectations (usually revenues and/or expenditures) for a given fiscal period.

Cost Center - the lowest level of operations at which financial transactions are tracked distinctly, requiring a unique identifier (organization code) in the general ledger. A cost center may be a department, a project, or any other activity that incurs financial transactions and includes activities funded by any source, general funds or other. Multiple cost centers may be under the control of a single cost center manager however, only one cost center manager should be responsible for any one cost center.

Contact Person - the employee designated by the cost center manager to accomplish the day-to-day financial transactions of a cost center.

Cost Center Manager - an employee identified as programmatically responsible and accountable for the activities within a cost center. The cost center manager may be the same as the contact person. Illustrative examples of contact person, cost center manager and their cost centers include:

<u>Cost center</u>	<u>Contact person</u>	<u>Cost center manager</u>
Educational Grant X	Admin Assist	Program Manager
Educational Grant Y	Accounting Tech I	Program Manager
Training operations	Training Coordinator	Training Coordinator

Functional or department manager – an employee who has administrative and fiscal oversight for cost center managers and their assigned cost centers. The cost center manager should report administratively to and be held accountable by the function or department manger. Illustrative examples of functional or department managers are as follows:

<u>Cost center</u>	<u>Cost center manager</u>	<u>Functional manager</u>
Purchasing	Assistant Controller	Controller
Educational Grant X	Program Manager	Director of Ed Services

Executive or Vice President Level – an employee who has administrative and fiscal oversight for functional managers and their assigned cost centers. The executive or vice president level is tasked with managing a functional area and reports directly to the president. Illustrative examples include the vice president for finance and administration and the director of strategic development.

<u>Functional Manager</u>	<u>Executive Level</u>
Controller	Vice President for Finance & Administration
Director of Human Resources	Vice President for Legal Affairs

Financial System – the System’s official financial records, used to record all System financial transactions and prepare the System’s financial statements.

Fiscal Misconduct – intentional or unintentional noncompliance with State Fiscal Rules, Procurement Code, System or College policy and procedures and/or conduct that results in a loss or potential loss of monies or other assets.

Policies:

A. General

1. All financial transactions are to be recorded in the financial system in accordance with generally accepted accounting principles and are to be identified with the cost center to which they relate.
2. Functional or department managers will be assigned to and be responsible for the fiscal performance of all cost centers assigned to them.
3. Functional or department managers will assign capable cost center managers to carry out and be accountable for the management responsibilities of each cost center.
4. The Financial System will be continuously maintained to accurately identify the designated cost center manager for each cost center.
5. Financial reports summarizing all cost center transactions, as compared to the unit's budget, will be made available to the designated cost center manager at least quarterly.
6. Financial reports summarizing cost center grouping transactions, as compared to the related budgets, will be made available to the designated functional or department managers at least monthly.
7. All employees are required to report any instances of fiscal misconduct either to an immediate supervisor, the controller, or the Office of the System Vice President for Finance and Administration. In any situation where an employee is uncomfortable with this reporting structure, employees may report incidents to the Internal Audit department, Human Resources, or an anonymous call may be placed to the Hotline.

B. Functional or Department Manager Role and Responsibilities

The functional or department manager plays a key role in ensuring cost centers are effectively managed. The functional or department manager:

1. Ensures the Financial System accurately identifies cost center manager for all subordinate cost centers.
2. Is responsible for and has the authority for planning, executing, and evaluating all cost center operations. A functional or department manager may delegate tasks or duties to a cost center manager, but the functional or department manager is ultimately responsible and accountable for the operations of the unit.
3. Is expected to ensure operational plans are aligned with established System and College objectives. Budgets showing anticipated revenues and/or expenditures should be formulated to provide a means to assess financial performance. In the case of projects, if the source of revenue or other funding occurs over multiple years, budgets would likewise include multiple year revenue and/or expenditure expectations.

4. Provides guidance and direction to subordinate cost center managers in carrying out their fiscal management responsibilities, including the performance of all responsibilities set forth in Section C below.
5. Reviews his/her monthly financial summary report of cost center groups in comparison to related budgets. This review should be accomplished within a reasonable time period, but never less than on a quarterly basis. If significant variances from financial expectations are noted, the functional or department manager is responsible for:
 - a. immediately contacting the responsible cost center manager to understand and resolve undesired deviations from plans, and
 - b. timely notification to the next higher authority to which she/he is accountable, of such variances and a corrective action plan.If such variances are the result of an error, timely notification of the error to the System or College Controller should be made.
6. Includes an assessment of subordinate cost center manager's fiscal responsibilities performance in their periodic performance evaluations.
7. Is ultimately accountable to the executive or vice president level position for fiscal operations reporting to him or her.

C. Cost Center Manager Role and Responsibilities

The cost center manager plays a key role in ensuring the fiscal condition of his/her cost center is accurate, complete, and does not adversely impact the System. The review of the monthly financial report serves as a mechanism to detect whether fraud, errors, and omissions have occurred. For some transactions, this review may provide the **only** way such fraud, errors, and omissions may be detected.

1. When a cost center manager perceives that a cost center's expenditures have or may in the future exceed available resources, the cost center manager shall initiate a notice with plans for correction in advance of the time that the predetermined limit of available resources is reached. Such notice shall be addressed to the responsible functional or department manager.
2. For all cost centers with sponsored funding sources, the cost center manager is responsible for ensuring only those costs that are allowable under the terms of the sponsor agreement or applicable law are charged to their sponsored project, regardless of who executes the transactions. In the event costs incurred and charged to the sponsored funded unit are not allowable, the cost center manager is responsible for ensuring the cost is transferred to an alternate non-sponsored cost center funding source.
3. Cost center managers assume the following fiscal responsibilities of his/her cost center:
 - a. All expenditures or transfers of funds incurred by the cost center must be:
 - i. For a valid cost center use,
 - ii. Authorized in accordance with Board and System policies, State and Federal laws and regulations, and specific sponsor or donor requirements or restrictions, and
 - iii. Made within the available funding for the account, or supported by an appropriate alternate cost center with sufficient funding for the disbursement.
 - b. All revenues or receipts of funds must be:

- i. Properly related to the cost center, and
 - ii. Deposited on a timely basis in accordance with State and System policies.
- c. The cost center manager will review in a timely manner the cost center monthly detail financial reports to:
 - i. Detect financial transaction errors or discrepancies, and
 - ii. Monitor actual results of operations as compared to budgets
- d. The cost center manager will take immediate action to resolve discrepancies or significant errors noted during the monthly report review, and to follow up to ensure that such discrepancies or errors are corrected.
- e. The cost center manager will maintain on file copies of original supporting documentation for all financial transactions processed for the cost center for at least the minimum time periods specified in applicable System and State policy.
- f. The cost center manager will ensure the contact person is adequately trained and fully understands his/her financial recording responsibilities.

D. Contact Person Responsibilities

Contact persons are responsible for carrying out fiscal duties as designated by the cost center manager. Such duties shall include the timely presentation of materials required to process and record financial transactions in accordance with applicable laws, regulations, and System policies.

E. College and System Controller Roles and Responsibilities

The College and System controllers serve as a resource to cost centers by providing information to assist the cost centers in accomplishing their fiscal responsibilities.

The controllers are not responsible for reviewing day to day transactions. Instead, the Controllers will conduct reviews of summarized financial information to identify material variations in the financial data. However, the College and System office controllers should conduct detail reviews of financial transactions as they deem necessary to assess whether financial transactions conform to generally accepted accounting principles and applicable laws, rules, and regulations.

When a controller notes the need to correct the recording of any financial transactions to comply with generally accepted accounting principles or applicable law, regulation, or system policy, the controller is responsible for informing the cost center manager of the need to make such corrections. If the necessary correction is not initiated by the cost center manager and received by the controller's office within two weeks of notice, the controller is authorized to make the correcting entry and shall notify both the functional or department manager and cost center manager of the correction(s) made.

While such reviews and corrections may be accomplished by the controllers, these activities do not relieve the cost center manager of their responsibilities set forth in Section C.